

REPORT FOLLOW-UP

AGENCY: IDAHO FOOD QUALITY ASSURANCE INSTITUTE

On May 12, 2005, the Legislative Services Office released an audit report for the Idaho Food Quality Assurance Institute for fiscal year 2004. The Institute was contacted on August 1, 2005, and this follow-up report addresses how it has responded to the one finding and recommendation contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1 – Decentralized operations contributed to errors and internal control weaknesses. The Institute provides ongoing quality assurance testing for Idaho agricultural commodities. The Institute's laboratory is located in Twin Falls, its day-to-day financial transactions are processed at University of Idaho, and the Idaho Department of Agriculture prepares its annual financial statements.

This decentralization of operations had contributed to errors and control weaknesses. For example, the Institute did not record about \$260,000 in equipment purchases in prior years, the financial statements were incorrect and did not balance, and documentation was not always adequate.

We recommended that the Institute consider centralizing the authority to complete accounting and management duties to specific individuals, and make needed reconciliations, document transactions, and complete other procedure to ensure financial activities are properly reported.

AUDIT STATUS – Beginning July 1, 2005, the authority for the Institute's accounting is centralized under the Idaho Department of Agriculture. The University of Idaho will be removed from the day-to-day financial operations. The Institute has now recorded the approximately \$260,000 in equipment purchased in the previous years that was missing from the prior financial statements.

STATUS – CLOSED